



September 26, 2011

Mr. David A. Stawick  
Secretary  
U.S. Commodity Futures Trading Commission  
Three Lafayette Centre  
1155 21st Street, N.W.  
Washington, D.C. 20581

Ms. Elizabeth M. Murphy  
Secretary  
Securities and Exchange Commission  
100 F Street, NE  
Washington, D.C. 20549-1090

**Re: Stable Value Study**  
**CFTC/SEC Release No. 34-65153; File No. S7-32-11**

Dear Mr. Stawick and Ms. Murphy:

Pacific Life Insurance Company (“Pacific Life”) is a Nebraska stock life insurance company initially organized in 1868. We provide a wide range of life insurance products, annuities, mutual funds, and offer a variety of investment products and services to individuals, businesses, and pension plans. A significant product offering within this final category is our synthetic guaranteed interest contract (“Synthetic GIC”) business, a type of “stable value” business, in which a diversified high quality portfolio of fixed income securities are insulated from interest rate volatility by contracts (known as “wrap contracts”) that we issue. As of August 31, 2011, our contracts covered over \$22 billion in book value of ERISA qualified defined contribution plan assets.

In addition, Pacific Life offers a stable value investment option within our 401(k) plan investment line-up to our employees, which is supported by Synthetic GICs issued by financial institutions other than Pacific Life. As of June 30, 2011, more than 2,600 participants in our 401(k) plan were invested within the stable value investment option, which represented approximately 70% of the total participants in the 401(k) plan.

We are members of the American Council of Life Insurers (“ACLI”) and the Stable Value Investment Association (the “SVIA”) and understand each of the ACLI and SVIA has submitted or will submit a letter (the “Letters”) today in response to the 29 questions the Commodity Futures Trading Commission and the Securities and Exchange Commission (the “Commissions”) published on August 25, 2011 in the Federal Register in connection with the Commissions’ study of stable value contracts pursuant to Section 719(d) of the Dodd-Frank Wall

Street Reform and Consumer Protection Act (the “Dodd-Frank Act”). We write today to express our support for the Letters.

As discussed in more detail in the Letters, stable value products are not the type of transactions that are intended to be regulated by the Dodd-Frank Act. Synthetic GICs, for instance, are not tradeable or transferrable and are not issued for speculative gain. The failure of a Synthetic GIC issuer would not trigger a systemic collapse, since a contractholder’s exposure to a Synthetic GIC issuer is limited to the difference between the market value of the portfolio of underlying assets and the contract (or book) value of the portfolio at a point in time. Furthermore, stable value products were and are one of the few asset classes to generate consistent performance for participants during the recent financial market crisis.

We strongly believe that subjecting “stable value” contracts to the swaps regulatory regime would not be in the best interests of plan sponsors, plan participants or stable value providers. As more fully discussed in the Letters, issuers of stable value contracts are already subject to significant regulation by either state insurance commissioners or banking regulators, including record keeping, oversight, reporting and capital requirements. Additional regulation by the SEC and/or CFTC not only has the potential to create duplicative and possibly conflicting regulation, it may prohibit insurance companies from offering stable value products due to the Dodd-Frank Act’s preemption provisions. Even if the Dodd-Frank Act does not prohibit insurance companies from offering stable value products, additional and potentially conflicting regulation may make it unduly complicated and cost inefficient for any financial institution to continue issuing this product. By potentially removing this conservative but successful investment option for millions of persons nearing retirement age, such participants could be forced into higher risk or lower return investment options, which could negatively impact their financial welfare and, ultimately, the economic health of the nation as a whole.

Pacific Life, on behalf of itself as a plan sponsor and issuer of stable value contracts, and on behalf of its employees as plan participants, requests that you exclude stable value products from the term “swap” as defined within the Dodd-Frank Act for the reasons stated above and as discussed in greater detail in the Letters. We appreciate the opportunity to respond to the Commissions’ request for comment in connection with the joint study regarding stable value contracts and are available to provide any additional information that would be helpful in connection with the joint study.

Very truly yours,

A handwritten signature in dark ink, appearing to read "D. Graham", is positioned above the typed name.

David Graham  
Stable Value Director  
Pacific Life Insurance Company